

D.P.U. 96-2A

Application of Cambridge Electric Light Company:

- (1) under the provisions of G.L. c. 164, § 94G, as amended by St. 1981, c. 375, and the Company's tariff, M.D.P.U. No. 549, for approval by the Department of Public Utilities of a change in the quarterly Fuel Charge to be billed to the Company's customers pursuant to meter readings in the billing months of April, May and June 1996.
- (2) for approval by the Department of rates to be paid to Qualifying Facilities for purchases of power pursuant to 220 C.M.R. § 8.00 and M.D.P.U. No. 404. The rules established in 220 C.M.R. § 8.00 set forth the filings to be made by utilities with the Department, and implement the intent of sections 201 and 210 of the Public Utility Regulatory Policies Act of 1978.

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FOR
: CAMBRIDGE ELECTRIC LIGHT COMPANY

Petitioner

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Regulated Industries Division
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Intervenor

I. INTRODUCTION

On March 5, 1996, pursuant to G.L. c. 164, § 94G and 220 C.M.R. §§ 8.00 et seq., Cambridge Electric Light Company ("Cambridge" or "Company") notified the Department of Public Utilities ("Department") of the Company's intent to file a quarterly change to its fuel charge in conformance with its Fuel Charge rate schedule, M.D.P.U. 549, and to its Qualifying Facility ("QF") power purchase rates in conformance with its Power Purchase rate schedule, M.D.P.U. 404. The Company requested that both these changes be effective for bills issued pursuant to meter readings for the billing months of April, May and June 1996.

Cambridge, a wholly owned subsidiary of Commonwealth Energy System ("ComEnergy"), serves approximately 44,700 retail customers in the City of Cambridge, and sells power at wholesale to the Belmont Municipal Light Department. ComEnergy is an exempt holding company under the Public Utility Holding Company Act of 1935. ComEnergy's other subsidiaries, affiliates of Cambridge, include Commonwealth Electric Company ("Commonwealth"), Canal Electric Company ("Canal")¹, Commonwealth Gas Company and Commonwealth Energy Service Company ("ComEnergy Service"). Cambridge operates several small oil/gas-fired generating units and has contractual interests in Canal Unit 1 and Canal Unit 2, two large oil-fired units owned by Canal.

Pursuant to notice duly issued, a public hearing on the Company's application was held on March 25, 1996 at the Department's offices in Boston. Notice of the hearing was published by the Company in the Boston Globe. The Company also complied with the requirement to mail a copy

¹ The electric operating subsidiaries are referred to collectively as "ComElectric."

of the notice of the hearing to all persons with whom the Company has special retail contracts that do not incorporate a filed rate, and to notify all intervenors and their respective counsel from the Company's prior two fuel charge proceedings that it was proposing an adjustment to its fuel charge. The Company was also required to inform all intervenors of the date of the public hearing. The Attorney General of the Commonwealth intervened as of right pursuant to G.L. c. 12, § 11E.²

At the hearing, the Company sponsored two witnesses: Charles R. Fox, Jr., senior rate analyst in rate administration at ComEnergy Services, and Michael R. Kirkwood, director of resource planning and administration for ComElectric. The Company submitted five exhibits: the prefiled testimony of Mr. Fox (Exh. CELC-1); schedules in support of Mr. Fox's testimony (Exh. CELC-2); bills and contracts for fuel oil supplies, purchased power, and transmission services for December 1995, January and February 1996 (Exh. CELC-3); the prefiled testimony of Mr. Kirkwood (Exh. CELC-4); and schedules in support of Mr. Kirkwood's testimony (Exh. CELC-5).

II. FUEL CHARGE

On March 15, 1996, the Company filed with the Department its proposed changes to its fuel charge and QF power purchase rates for April, May and June 1996. For these billing months, the Company proposed a fuel charge of \$0.03128 per kilowatthour ("KWH"). The proposed fuel charge is \$0.00280 per KWH higher than the fuel charge of \$0.02848 per KWH approved by the

² The Company was unable to publish the notice in time for the March 25, 1996 hearing. A supplemental hearing was held on April 1, 1996, in order to comply with G.L. c. 164, § 94G. Nobody appeared at the hearing.

Department in Cambridge Electric Light Company, D.P.U. 95-2D (1995) for meter readings for the billing months of January, February, and March 1996 (Exh. CELC-1, at 5).

According to the Company, the increase in the fuel charge is due to an undercollection of \$118,638 coming into the second quarter (Exh. CELC-1, at 7-8). The undercollection is mainly a result of higher than forecasted fuel prices in the first quarter resulting in higher energy and demand charges (id. at 6; Tr. at 17-18). In addition, the increase in the fuel charge is due to lower projected KWH sales in the second quarter, historically a lower sales period due to moderate weather conditions (Exh. CELC-1, at 6-7). When total costs are spread over fewer KWH sales, this has the effect of increasing the fuel charge (id.; Tr. at 15-17).

III. QUALIFYING FACILITIES

Pursuant to the Department's rules, 220 C.M.R. §§ 8.00 et seq., rates to be paid to QFs for short-run power purchases are set with the same frequency as the fuel charge. A QF is a small power producer or cogenerator that meets the criteria established by the Federal Energy Regulatory Commission in 18 C.F.R. § 292.203(a) and adopted by the Department in 220 C.M.R. § 8.02.

Pursuant to 220 C.M.R. § 8.04(4), the Company is required to calculate short-run energy purchase rates on a time-of-supply basis for two rating periods: peak and off-peak. In addition, the Company is required to calculate a non-time-differentiated rate, i.e., a total period rate, which is a weighted average of the time-of-supply rates, where the weighting is a function of the number of hours in each rating period. See 220 C.M.R. § 8.04(4)(b). The Company is also required, under 220 C.M.R. § 8.04(6)(b), to file its short-run capacity purchase rates, calculated on a KWH

basis by voltage level, according to the formula in 220 C.M.R. § 8.04(6)(a).

The Company proposed the following standard rates to be paid to QFs during April, May and June 1996:

Energy Rates By Voltage Level (Dollars/KWH)

| <u>Voltage Level</u> | <u>Peak</u> | <u>Off-Peak</u> | <u>Total</u> |
|----------------------|-------------|-----------------|--------------|
| 13.8 KV | 0.02736 | 0.02143 | 0.02302 |
| Primary | 0.02784 | 0.02182 | 0.02343 |
| Secondary | 0.02824 | 0.02213 | 0.02376 |

(Exh. CELC-4, Sch. 1, at 1).

| <u>Voltage Level</u> | <u>Short-Run Capacity Rates (Dollars/KWH)</u> |
|----------------------|---|
|----------------------|---|

| | |
|-----------|---------|
| 13.8 KV | 0.04610 |
| Primary | 0.04708 |
| Secondary | 0.04753 |

(id., Sch. 1, at 9).

IV. FINDINGS

Based on the foregoing, the Department finds:

1. that the fuel charge to be applied to Company bills issued pursuant to meter readings for the billing months of April, May and June 1996, shall be \$0.03128 per KWH. (The calculation of the fuel charge is shown in Table 1 attached to this Order.)

2. that the QF purchase rates for April, May and June 1996, shall be the rates set forth in Section III, above.

V. ORDER

Accordingly, after due notice, hearing and consideration, it is

ORDERED: That the Cambridge Electric Light Company is authorized to put into effect a quarterly fuel charge of \$0.03128 per KWH as set forth in Section IV, Finding 1 of this Order for bills issued pursuant to meter readings for the billing months of April, May and June 1996, subject to refund; and it is

FURTHER ORDERED: That the fuel charge approved herein shall apply to kilowatthours sold to the Company's customers subject to the jurisdiction of the Department and shall be itemized separately on all such customers' electric bills; and it is

FURTHER ORDERED: That the Company's Qualifying Facility power purchase rates for the billing months of April, May and June 1996, shall be those set forth in the Table on Page 4 of this Order; and it is

FURTHER ORDERED: That the Company, in all future fuel charge proceedings, shall notify all intervenors and their respective counsel from the Company's prior two fuel charge proceedings that it is proposing an adjustment to its fuel charge, and shall also notify these persons of the date scheduled for the hearing on the proposed fuel charge at least ten days in advance of the hearing; and it is

FURTHER ORDERED: That the Company, in all future fuel charge proceedings, shall provide all intervenors and their respective counsel from the prior two fuel charge proceedings with a copy of its fuel charge filing, in hand or by facsimile, on the same day it is filed with the Department; and it is

FURTHER ORDERED: That, pursuant to G.L. c. 164, § 94G (a) and (b), fuel costs allowed by this Order are subject to such disallowance as the Department may determine in any

subsequent investigation of the Company's performance period that includes the quarter applicable to the present charges.

By Order of the Department,

John B. Howe, Chairman

Mary Clark Webster, Commissioner

Janet Gail Besser, Commissioner

Appeal as to matters of law from any final decision, order or ruling of the Commission may be taken to the Supreme Judicial Court by an aggrieved party in interest by the filing of a written petition praying that the Order of the Commission be modified or set aside in whole or in part.

Such petition for appeal shall be filed with the Secretary of the Commission within twenty days after the date of service of the decision, order or ruling of the Commission, or within such further time as the Commission may allow upon request filed prior to the expiration of twenty days after the date of service of said decision, order or ruling. Within ten days after such petition has been filed, the appealing party shall enter the appeal in the Supreme Judicial Court sitting in Suffolk County by filing a copy thereof with the Clerk of said Court. (Sec. 5, Chapter 25, G.L. Ter. Ed., as most recently amended by Chapter 485 of the Acts of 1971).